

What Is HIPAA?

The Health Insurance Portability and Accountability Act (HIPAA) of 1996 imposes rules on all providers and payers. Its administrative simplification provisions require national standards to regulate and protect electronic transmissions. HIPAA will achieve efficiency through standardization and the reduction of paperwork, the portability of patient records, and improved cash flow to your bottom line.

HIPAA will benefit both medical offices and patients through the adoption of electronic data interchange (EDI). Electronic transactions provide significant benefits compared with paper transactions. Formats are pre-edited to reduce common errors in claims data entry.

Who Is Affected?

HIPAA defines covered entities as all health care providers (including physicians, dentists, hospitals), health plans, clearinghouses, payers and business associates. All providers who submit electronic transactions will have to do so in a HIPAA compliant format.

Convert to Electronic Billing to Realize HIPAA's Benefits

If you currently submit paper claims, MDCH is urging you to partner with an electronic billing entity (clearinghouse, practice management group, software vendor, etc.) to submit HIPAA compliant transactions. Payers throughout Michigan will be ready to take advantage of HIPAA efficiencies. Will your practice be ready to reap the benefits?



More HIPAA Benefits

National standards for health care transactions provide a more complete business picture and improve quality:

- **EFFICIENCY** — HIPAA simplifies the exchange of information and reduces paperwork. The standardization of electronic transactions and code sets will reduce the administrative burden to both providers and payers.
- **SAVINGS** — EDI will enable providers and payers to recognize a reduction in administrative cost (paper transactions costs anywhere from \$5 to \$15 compared to \$0.85 to \$1.25 for electronic transactions).
- **CONVENIENCE** — the standardization of electronic transactions will result in convenient data sharing, record portability and automated business procedures.
- **SPEED** — financial transactions will be processed more quickly resulting in faster payment for services and cutting the payment cycle in half.

Primary Resources

- Michigan Department of Community Health: www.michigan.gov/mdch
- HIPAA Primer: www.healthcare.mivu.org
- mihealth.org: your link to Michigan health resources: www.mihealth.org

- Blue Cross Blue Shield of Michigan: www.bcbsm.com
- Delta Dental of Michigan: www.deltadentalmi.com
- Medicare Part A: ugsmedicare.com
- Medicare Part B: www-ss.wpsic.com/medicare_web
- HIPAA regulations: aspe.os.dhhs.gov/admsimp
- HIPAA Advisory: www.hipaadvisory.com

Coordinated Implementation with Blue Cross Blue Shield and Other Payers

MDCH is coordinating its HIPAA transaction implementation timeframe with the two Medicare intermediaries for Michigan, United Government Services (UGS) for Medicare Part A and Wisconsin Physicians Service (WPS) for Medicare Part B, plus Blue Cross Blue Shield of Michigan (BCBSM) to make your compliance planning more manageable.

Provider Education and Outreach

To assist Michigan Medicaid providers in preparing for HIPAA transactions, MDCH will continue to:

- Send official bulletins and letters
- Work with your association to coordinate education, outreach meetings and seminars with providers like you
- Provide education and information

MDCH HIPAA Transaction Compliance Plan

- Coordinate with BCBSM and other large payers' (Medicare A and Medicare B) implementation plans.
- Strongly encourage providers to send electronic transactions to take advantage of HIPAA's benefits.
- Implement electronic transactions incrementally:

October 1, 2002: Began accepting 837 v. 4010 Dental, Professional and Institutional claims

January 1, 2003: Began accepting 837 v. 4010 encounters from Medicaid Health Plans.

Began accepting 837 v. 4010 Nursing Facility claims.

April 16, 2003: Begin testing 835 claim remittance advice & all other HIPAA transactions.

October 16, 2003: Only HIPAA compliant transactions accepted.

Healthcare Providers are specifically named in the HIPAA law as a covered entity. As a covered entity, it is your responsibility to convert all electronic proprietary formats to HIPAA mandated electronic transaction formats.

If you submit electronic claims directly to payers, you must update your EDI processor or System and perform internal (integrity) testing.

If you partner with a billing company or clearinghouse, make sure that the claims they process on your behalf are HIPAA compliant with all your payers.

If your electronic claims are not compliant, they won't be accepted for processing. If they are not processed, they can not be paid.

HIPAA Checklist

- ☐ **1. Decide to Submit Electronic Transactions to Take Advantage of HIPAA's Benefits, or**
 - Partner with a HIPAA compliant electronic biller, practice management vendor or clearinghouse, OR
 - Purchase a HIPAA compliant software billing package.
- ☐ **2. Gather the Information You Need**
 - National coding manuals (CPT, HCPCS, NUBC, ICD-9-CM)
 - Medicaid Provider Manual and bulletins
 - MDCH Electronic Submissions Manual
 - MDCH Data Clarification documents
- ☐ **3. Convert to the HIPAA Compliant Standards**
 - Move from all non-compliant claims formats to the 837 v. 4010 A1.
- ☐ **4. Begin Testing Now!**
 - MDCH is ready to test your 837 v. 4010 professional claims today.
 - Complete Integrity Testing with Foresight's HIPAA Validator to confirm HIPAA compliance.
 - Then begin B2B Testing with MDCH and other payers. Submit sample 837 v. 4010 test claims to ensure compatibility with MDCH and other payers' business rules.
 - Begin testing all other HIPAA transactions beginning April 16, 2003 with all payers.
 - Submit test claims using current coding until notified by MDCH and your other payers.
- ☐ **5. Check with Other Payers for Details about their HIPAA Implementation Plans, Key Dates, and Testing Schedules**

The MDCH web site contains everything you need to know about submitting HIPAA Transactions to Medicaid, including policy, B2B testing and links to informative resources.

